

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1130 - HB 1458

March 30, 2023

SUMMARY OF BILL: Creates the Certified Municipal Finance Officer Endowment Fund (Fund) for the Comptroller of the Treasury (COT) to provide one-time stipends for certain certified municipal financial officers (CMFOs), upon request of such stipend by the municipality.

The Fund consists of appropriations by the General Assembly, grants, and federal funds permitted by federal law and regulation, and contributions or grants from local governments or agencies. Requires the State Funding Board (SFB) to adopt an investment policy and a fund allocation policy designed to provide level disbursements from the Fund over twenty fiscal years and eliminate the entire Fund balance by July 1, 2043.

Terminates the Fund on July 1, 2043, at which point any monies in the Fund must not revert to the General Fund, but must remain available to be used by the COT exclusively for providing CMFO stipends.

FISCAL IMPACT:

Increase State Expenditures – \$475,000/FY23-24
\$65,000/FY24-25
\$81,000/FY25-26

Increase Local Revenue – \$475,000/FY23-24/Permissive
\$65,000/FY24-25/Permissive
\$81,000/FY25-26/Permissive

Other Fiscal Impact – A precise increase to state expenditures and a corresponding, permissive increase to local revenue due to payment of stipends for any previously inactive certified municipal finance officers or for newly eligible certified municipal finance officers cannot be determined.

Assumptions:

- The proposed legislation establishes, subject to available funding in the Fund, a one-time stipend of \$1,000 to be paid by the COT to a requesting municipality for CMFOs who have been certified for three years and are employed full-time as a CMFO for a municipal government.

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- According to the COT, of the 908 CMFO certificates that have been issued:
 - 654 are active and 33 of those CMFOs have received a one-time stipend;
 - 133 are inactive; and
 - 121 are closed, deceased, or retired and would never qualify for the stipend program.
- The remaining 621 (654 CMFOs - 33 CMFOs) would be eligible for the \$1,000 stipend upon meeting the three-year certification requirement.
- For the purpose of this analysis it is assumed that each municipality would request the \$1,000 stipend for its CMFO. Such stipend would represent a one-time increase in state expenditures and an equal, corresponding, permissive increase in local government revenue.
- Based on information provided by the COT regarding the number of active CMFOs eligible for the program, the increase in state expenditures and corresponding, permissive increase in local revenue for the following fiscal years is estimated to be:
 - \$475,000 (475 CMFOs x \$1,000) in FY23-24;
 - \$65,000 (65 CMFOs x \$1,000) in FY24-25; and
 - \$81,000 (81 CMFOs x \$1,000) in FY25-26.
- If any of the 133 inactive CMFOs choose to reactivate their certification, there may be an increase to state expenditures and a corresponding, permissive increase to local revenue due to payment of stipends.
- Furthermore, should the number of CMFOs increase significantly, there may be an additional increase to state expenditures and local revenue due to payment of stipends.
- The number of inactive CMFOs that may become active, as well as the number of future CMFOs who will eventually reach three years of certification, cannot be reasonably forecasted and, therefore, any such fiscal impacts cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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